

Verbal Testimony of
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Joint Committee on Insurance and Real Estate
Connecticut General Assembly

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Chairs Lesser and Woods, Ranking Members Hwang and Pavalock-D'Amato and Members of the Committee, thank you for this opportunity to testify before you today. My testimony is related to agenda item one, Senate Bill 357, "An Act Concerning Copay Accumulator Programs and High Deductible Health Plans."

My name is Roy Ramthun. I am testifying on behalf of the Connecticut Bankers Association and the American Bankers Association Health Savings Account Council. I am a consultant and subject matter expert on Health Savings Accounts, having led the implementation of the HSA program after its enactment in 2003 while serving at the U.S. Treasury Department.

We support the passage of Senate Bill 357 because it would prevent Connecticut residents that own and contribute to Health Savings Accounts from needing to re-file their income tax returns, because of the unintended consequences from a law passed by Connecticut last year, Senate Bill 1003 which became Public Act 21-14. Since this law has already gone into effect, Health Savings Account owners in this state are at risk unless the law is amended retroactively to the beginning of this year. It is also important that the law be amended as soon as possible so that account owners, employers, and financial institutions have the certainty they need to manage their Health Savings Accounts during the balance of 2022.

Senate Bill 357 accomplishes three important things. First, the bill allows the existing law to be applied to high deductible health plans to the maximum extent permitted by federal law. Second, the bill provides an exception for certain high deductible health plans which will allow enrollees in these plans to continue to make tax-deductible contributions to their Health Savings Accounts. Finally, the bill makes the necessary changes retroactive to January 1, 2022—the effective date of the existing law—so there is no confusion or negative impact on Health Savings Account owners, such as needing to pro-rate contributions or re-file income tax returns. Likewise, confusion will be minimized for employers that offer and contribute to Health Savings Accounts for their employees.

Connecticut is not alone in facing these challenges. Other states have passed similar laws, some as early as 2019, and most have only recently learned about their impact. My colleagues and I continue to discuss these issues with state legislators and regulators, including the National Council of Insurance Legislators, the National Conference of State Legislatures, and the National Association of Insurance Commissioners, among others. We are making progress but still have more work to do.

In conclusion, we support Senate Bill 357 as drafted and we urge immediate consideration and enactment of this important legislation. Thank you for the opportunity to provide this testimony today. I would be pleased to answer any questions you have.